

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

The bill does not propose changing the funding of the Commonwealth Mass Transit Fund, so this bill would not have any direct state fiscal impact; however, the bill would have a funding impact on other transit agencies across the state. Hampton Roads Transit (HRT) via the Hampton Roads Transportation Accountability Commission (HRTAC) would have an allocation carve out of 2.5 percent for their light rail system, so the HRTAC light rail system would no longer be included in the standard distribution formula. However, this percentage is substantially higher than the historical percentage that the light rail system has received via the normal allocation, which is less than 1.0 percent. As a result of the additional carve out for HRTAC light rail, less funding will be available to distribute among all other transit agencies. Since revenue to the Mass Transit Fund is projected to increase each year into the future, the transit agencies would not experience a funding cut but would experience smaller increases in funding in future years because of this legislation.

The proposed legislation would increase administrative responsibilities for the Department of Rail and Public Transportation (DRPT). The HRT operates the light rail system, a bus, and a ferry system. Only the light rail system would be in the 2.5 percent carve out. The bus and ferry system would remain in the standard distribution formula. This would cause DRPT to need to review and audit HRT expenses to determine which funding bucket is appropriate for each expense, including developing a split cost formula for the HRT's CEO and other employee salaries. DRPT believes this can be absorbed using current agency resources at the present time.

The third enactment requires that, for fiscal year 2027, DRPT reserve and utilize certain funds in amounts necessary to provide certain supplemental operating assistance to certain transit providers that would experience a reduction in allocable funds due to the reallocations in this bill. DRPT currently has a reserve balance in the fund of \$10 million to be used in an economic downturn to assist struggling transit agencies. Reducing or exhausting this reserve because of the enactment clause of this bill may leave transit agencies vulnerable in a future economic downturn.

Other: This is a companion bill to HB1982.